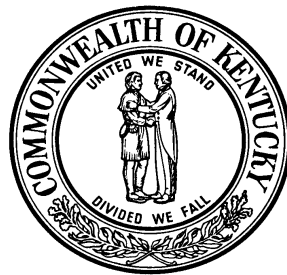


**EASTERN KENTUCKY UNIVERSITY'S  
ADMINISTRATION OF MADISON COUNTY'S ADULT  
EDUCATION GRANTS FROM THE COUNCIL ON  
POSTSECONDARY EDUCATION AND KENTUCKY  
ADULT EDUCATION**

**For The Period  
July 1, 2008 Through June 30, 2009**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

September 14, 2010

Reecie Stagnolia, Vice President  
Kentucky Adult Education  
Council on Postsecondary Education  
1024 Capital Center Drive, Suite 250  
Frankfort, KY 40601

Gerald Pogatshnik  
Eastern Kentucky University  
302 Perkins Building  
521 Lancaster Ave  
Richmond, KY 40475

Re: Adult Education Grants

Dear Mr. Stagnolia and Dr. Pogatshnik:

This report contains the results of the performance audit of Eastern Kentucky University's administration of Madison County's adult education grant for the fiscal year (FY) ending June 30, 2009. The Council on Postsecondary Education and Kentucky Adult Education contracted with this office to conduct performance audits of selected local adult education programs. This report represents our findings, recommendations, and the program's responses.

The Auditor of Public Accounts conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We greatly appreciate the courtesies and cooperation extended to our staff during the audit.

Respectfully submitted,

A handwritten signature in cursive script, reading "Crit Luallen".

Crit Luallen

Auditor of Public Accounts



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**EASTERN KENTUCKY UNIVERSITY'S ADMINISTRATION OF MADISON  
COUNTY'S ADULT EDUCATION GRANTS FROM THE COUNCIL ON  
POSTSECONDARY EDUCATION AND KENTUCKY ADULT EDUCATION AS  
OF JUNE 30, 2009**

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**EXECUTIVE SUMMARY**

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**PURPOSE AND SCOPE**

The Council on Postsecondary Education (CPE) and Kentucky Adult Education (KYAE) selected the Madison County adult education program for a limited scope performance audit of its adult education grant. Eastern Kentucky University is responsible for the administration of this grant. An on-site review was conducted on April 26, 2010 through April 27, 2010, to address the following objectives:

- Determine whether the local program's expenditures comply with the terms of their grant agreement and reconcile to invoices submitted.
- Reconcile student and faculty data electronically submitted to KYAE through the Adult Education Reporting Information Network (AERIN).
- Determine whether the local program's professional development activities comply with the FY 2008-2009 professional development policies and procedures.
- Report internal control weaknesses identified during our audit that relate to the audit's objectives.

To accomplish these objectives, the performance audit team reviewed the Policy and Procedure Manual for Kentucky Adult Education, as well as the local program's grant proposal and final agreement with KYAE. During the on-site review, the audit team reviewed the program's accounting records (trial balance/general ledger), interviewed program administrators regarding internal controls related to the above grants, and tested samples of expenditure documentation, participant files, and personnel files for compliance with applicable requirements. Below is the summary of findings:

**FINDINGS SUMMARY**

<b>Finding</b>	<b>Disallowed Costs</b>
Two participant files did not contain evidence to support that goals were met as reported in AERIN.	N/A
One participant file did not contain sufficient evidence to support their attendance hours recorded in AERIN.	N/A
Three full-time employee files did not have documentation to support the required level of professional development training.	N/A
One part-time employee file did not have documentation to support the required level of professional development training.	N/A
Two employee files did not have documentation to support the hours worked and reported to KYAE.	N/A
One instructor did not have evidence of a bachelor's degree on file.	N/A

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**RESULTS AND RECOMMENDATIONS**

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**FINANCIAL REPORTING AND COMPLIANCE**

**Scope and Methodology**

The KYAE-10 Expenditure Reports were compared to the line item budget approved in the final agreement. This comparison was used to determine whether the program's reimbursements complied with the approved budget.

The KYAE-10 Expenditure Reports were then compared to the local program's internally generated financial records. This comparison was used to determine whether the program's accounting records support the total amount requested for reimbursement on the KYAE-10 Expenditure Reports.

**Findings**

No exceptions were noted.



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**PARTICIPANT ELIGIBILITY AND RECORD KEEPING**

**Scope and Methodology**

A total of 60 participants were selected randomly from the electronic student data sent from KYAE. Documentation maintained in the participant files was compared to the electronic student data. We examined the files for the following:

- Proper eligibility documentation.
- Proper assessment testing.
- Evidence to support the achievement of goals/objectives reported to KYAE.
- Other requirements based upon the applicable program requirements.

The participants tested received services during the period from July 1, 2008 through June 30, 2009.

**Findings**

Proper file maintenance and accurate data entry is important to support and document participant data submitted electronically in AERIN. Programs are to maintain assessment forms on file for three years. Any achievement or completion of goals should be documented. The following exceptions were noted:

- Two participant files did not contain evidence to support that goals were met as reported in AERIN.
- One participant file did not contain sufficient evidence to support their attendance hours recorded in AERIN.

**Recommendations**

We recommend the program create a checklist for participant files to facilitate a periodic review of the contents to ensure that the required documentation is being maintained. The person entering participant data should require documentation for any data entry performed on a participant and any deficiencies should be reported to the Program Director.

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**Program Response – [A draft report was provided to program management to request their comments and any planned corrective actions related the finding. Program management was given a reasonable amount of time to adequately respond to this request.]**

Eastern Kentucky University accepts the recommendations as outlined above.

Beginning July 1, 2010, a new internal record keeping system will be implemented to address the participant eligibility and recording keeping findings cited in the audit. A carbonless student enrollment form has been developed. A copy will be retained in a central office file and a second copy will remain in a permanent file. A new student check list will require instructors to collect and maintain several pieces of information for every student. An Adult Learning Plan with goal areas will be required of all students showing the date the goal was set and achieved. In addition to the learner folder, a student data card maintained by the person responsible for data entry will summarize assessment scores, goals, and attendance. Deficiencies will be reported to the program director.

Any participant data entered into the AERIN system will require documentation approved by the program director or a designee of the program director.

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**PAYROLL AND STAFF REQUIREMENTS**

**Scope and Methodology**

A sample of payroll disbursements was judgmentally selected for payroll testing. Documentation of hours worked was examined for existence and approval. Personnel files were examined to verify that staff had received the required professional development training hours and had the proper educational credentials required for their position.

**Findings**

CPE and KYAE require full-time instructors obtain eight hours of professional development training. Three employee files did not have documentation to support the required level of professional development training.

CPE and KYAE require part-time instructors obtain two hours of professional development training. One employee file did not have documentation to support the required level of professional development training.

CPE and KYAE require that all KYAE-funded employees maintain documentation of hours worked. Two employee files did not have documentation to support the hours worked and reported to KYAE.

CPE and KYAE require all instructors hired after July 1998 to have a bachelor's degree. One instructor did not have evidence of a bachelor's degree on file.

**Recommendations**

We recommend that full-time and part-time instructors and instructor aides receive at least the required hours of professional development training and that this information is documented in the employee's file.

All individuals being paid in part or whole by KYAE grant funds should have a timesheet or other form of documentation that includes the number of hours worked, the grant to which time was charged, and the signatures of both the employee and his/her supervisor. The use of timesheets would establish accountability and support the hours reported to KYAE.

We recommend that the program ensure all instructors have the required credentials prior to hiring and that this information is obtained and maintained in the employee's file.

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**Program Response – [A draft report was provided to program management to request their comments and any planned corrective actions related the finding. Program management was given a reasonable amount of time to adequately respond to this request.]**

All current employees have been informed of the professional development requirements for FY 2011 and are required to register for the appropriate tracks. (One of the employees cited in the finding was a "temporary employee" with the adult education program and did not begin as a full time employee until July 2009.)

A new form to maintain timesheets was implemented in April 2010.

The instructor cited in the finding is no longer an employee. All current employees have verification of their credentials on file with the office of the associate dean and the director of adult education.

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**PURCHASING/EXPENDITURE COMPLIANCE**

**Scope and Methodology**

A sample of 15 expenditures was selected judgmentally from the detailed general ledger. These expenditures were tested for authorization/approval, supporting documentation, and proper recording. We also verified that the expenditures were made during the grant period from July 1, 2008 through June 30, 2009.

**Findings**

No exceptions were noted.

**PROFESSIONAL DEVELOPMENT REIMBURSEMENT COMPLIANCE**

**Scope and Methodology**

Professional development expenditures were tested for proper authorization, supporting documentation, and adherence to approved rates and reimbursement policies. A sample of 2 expenditures, representing at least 20 percent of the total professional development expenditures, was selected judgmentally from the detailed general ledger.

**Findings**

No exceptions were noted.

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**INTERNAL CONTROLS RELATING TO GRANT**

**Scope and Methodology**

Eastern Kentucky University's Program Director was given an Internal Control Questionnaire regarding the controls in place for expenditures, bank reconciliations, revenue, and payroll. The questionnaire was completed by the program director and/or the fiscal administrator and reviewed by the audit team for any significant control deficiencies.

**Findings**

No significant control deficiencies were noted.

